

HARRIS COUNTY WATER CONTROL & IMPROVEMENT DISTRICT NO. 116  
MINUTES OF BOARD OF DIRECTORS MEETING

July 8, 2019

The Board of Directors (the "Board") of Harris County Water Control and Improvement District No. 116 (the "District") met in regular session, open to the public, on Monday, July 8, 2019, at 3:00 p.m., at 5300 Coral Gables, Houston, Texas 77069, located within the boundaries of the District, pursuant to the notice of said meeting, posted in accordance with Chapter 551, Texas Government Code; whereupon, the roll was called of the members of the Board, to-wit:

Les Griffith	President
Bob Warner	Vice President
Frank Sklenka	Secretary
Jeff Handojo	Asst. Secretary/Treasurer
Cheston Cooper	Asst. Treasurer

All members of the Board were present, except Director Handojo, thus constituting a quorum. Others in attendance were: Ms. Vivian Ewing, resident of the District; Mr. Phil Bullock and Ms. Carol Serna of Carolla Engineers, Inc. ("Carolla"); the following Heatherloch Municipal Utility District ("Heatherloch MUD") Board of Directors representatives: Ms. Gerry Wright and Messrs. John Spire, John Marks and Barry King; Ms. Renae Ely, paralegal, of Coats Rose, attorney for Heatherloch MUD; Mr. Nate Jackson, P.E., and Ms. Sam Randolph, intern, of Jones|Carter, engineer for Heatherloch MUD; Mr. Steve Haskins of Protocol Bookkeeping, Inc. (the "Bookkeeper"), bookkeeper for the District; Ms. Pam Madrigal, P.E., of AEI Engineering, Inc. ("AEI" or the "Engineer"), engineer for the District; Mr. Karl Skarboszewski of Texas Operations & Professional Services ("TOPS" or the "Operator"), operator for the District; Ms. Pat Hall of Equi-Tax, Inc. (the "Tax Assessor"), tax assessor/collector for the District; Mr. Bill Blich of Blich Associates, Inc., financial advisor for the District; Ms. Kim Courte of Arthur J. Gallagher & Co. ("Gallagher & Co."); Ms. Jamie O'Boyle, Administrative Assistant for the District and Huntwick Recreational Facilities ("HRF") Event Coordinator; Mr. Dale Hilpert, HRF Operations and Maintenance Coordinator; and Ms. Regina D. Adams and Ms. Monica A. Garza, attorneys, and Ms. Carla Christensen, paralegal, of Radcliffe Bobbitt Adams Polley LLC ("RBAP"), attorney for the District. A sign-in sheet is attached hereto.

The President, after finding that notice of the meeting was posted as required by law and determining that a quorum of the Board was present, called the meeting to order and declared it open for such business as may regularly come before it.

WASTEWATER TREATMENT PLANT (THE "STP") OPERATIONS REPORT

Mr. Skarboszewski first reviewed the STP Operations Report and related STP Operations Manager's Report for the month of June, copies of which are attached hereto. Mr. Skarboszewski stated that recent inspections and testing indicate that the STP is operating satisfactorily.

Mr. Skarboszewski next reminded the Board that Return Activated Sludge ("RAS") Pump No. 3 previously failed and has pulled for necessary repairs and has been re-built and re-installed. Mr. Skarboszewski added that RAS Pump No. 2 has been pulled and TOPS is awaiting a proposal for repairs.

Mr. Skarboszewski then reported that TOPS has topped off the STP generator fuel tank. Mr. Skarboszewski stated that TOPS will perform the semi-annual preventative maintenance and load bank test on the STP generator in the near future.

Regarding the replacement of two (2) of the three (3) STP on-site lift station pumps, Mr. Skarboszewski reported that the new lift station pumps have been delivered to the STP. Mr. Skarboszewski stated that the pumps did not come with the appropriate foot claws for installation and, therefore, the foot claws are being modified and should be installed later in the week. Mr. Skarboszewski added that TOPS will top and bottom clean the on-site lift station prior to installation of the new pumps.

Upon motion by Director Griffith, seconded by Director Warner, after full discussion and the question being put to the Board, the Board voted unanimously to approve the STP Operations Report.

### STP PROJECTS REPORT

Ms. Madrigal next presented to and reviewed with the Board the STP Engineer's Report, a copy of which is attached hereto.

Ms. Madrigal then presented to and reviewed with the Board a draft of the updated STP Capital Improvement Projects summary, a copy of which is attached hereto. An extensive discussion ensued.

Ms. Madrigal then reported that the Board previously awarded the construction contract to RP Constructors, Inc. ("RP") for the Secondary Clarifier project in the amount of \$1,635,825.00. Ms. Madrigal stated that RP was delayed in mobilizing in June and plans to move on-site later in the week. Ms. Madrigal noted that the anticipated project completion date is January 15, 2020. Ms. Madrigal went on to report that, as previously discussed, AEI proposes to extend an access road to the sludge pump station located near Clarifier No. 1. Ms. Madrigal requested authorization to present this additional scope of work to RP to obtain a cost estimate for inclusion in the construction contract.

Ms. Madrigal stated that the Board previously authorized AEI to proceed with design of Clarifier No. 1 Rehabilitation and Recoating (the "Clarifier No. 1 Rehab Project") and design and construction of the STP motor control center (the "MCC") replacement and building modifications (the "STP MCC and Building Project"). Ms. Madrigal stated that AEI intends to finalize the plans for the Clarifier No. 1 Rehab Project by the end of July and submit the plans to the appropriate agencies and Jones|Carter for review by August 1<sup>st</sup>. Ms. Madrigal noted that AEI plans to advertise for bids in November. Ms. Madrigal went on to state that AEI's preliminary opinion of costs for the Clarifier No. 1 Rehab Project is \$436,000 (District's pro rata share is \$201,214 and Heatherloch MUD's pro rata share is \$234,786).

Ms. Madrigal next reported that AEI is 50% complete with the design for the STP MCC and Building Project. Ms. Madrigal stated that AEI intends to finalize the plans for the STP MCC and Building Project by October 1<sup>st</sup> and advertise for bids between January 16<sup>th</sup> and February 5<sup>th</sup>. Ms. Madrigal went on to state that AEI's updated preliminary opinion of costs for the STP MCC and Building Project, \$943,000, is significantly higher than the original cost estimate of \$621,000. Ms. Madrigal stated that the updated opinion of costs includes design, electrical, construction, contingencies and engineering costs and the District's pro rata share of the contract cost is \$435,194.5 and Heatherloch MUD's pro rata share is \$507,805.50. A discussion ensued regarding the updated scope of the project.

Ms. Madrigal then reported that Heatherloch MUD's sanitary sewer line pipe bursting project is complete and the contractor is working with Harris County (the "County") to address the damage to Strack Road. A discussion ensued regarding the damage to Strack Road.

Ms. Madrigal next reported that AEI is planning to meet with the Operator and Bookkeeper to review the on-going STP operations and maintenance costs and verify that STP capital expenditures are being categorized correctly.

Ms. Madrigal then reviewed with the Board a summary of the current equivalent single family connection breakdown for the District and Heatherloch MUD.

Upon motion by Director Warner, seconded by Director Sklenka, after full discussion and the question being put to the Board, the Board voted unanimously to approve the STP Engineer's Report and authorize AEI to present the revised scope of work to RP to obtain a cost estimate for inclusion in the Secondary Clarifier construction contract.

### STP BOOKKEEPING REPORT

Mr. Haskins then presented to and reviewed with the Board and the Heatherloch MUD Board the STP Bookkeeping Report and budget, a copy of which is included with the District's Bookkeeping Report.

Mr. Bullock and Ms. Serna entered the meeting at this time.

Upon motion by Director Warner, seconded by Director Cooper, after full discussion and the question being put to the Board, the Board voted unanimously to approve the STP Bookkeeping Report.

The Heatherloch MUD representatives, Mr. Jackson, Ms. Randolph and Ms. Ely exited the meeting at this time.

### PUBLIC COMMENTS

There were no public comments at this time.

### DIRECTOR COMMENTS

Director Griffith then reported on his attendance at the North Harris County Regional Water Authority Board of Directors meeting on July 1<sup>st</sup>.

### CONSENT AGENDA

The Board reviewed the items reflected on the Consent Agenda. Director Griffith explained that this portion of the agenda deals with routine matters of the Board, and that no separate discussion of such items will occur unless a Director or a member of the public requests that an item be moved to the regular portion of the agenda.

Upon motion by Director Warner, seconded by Director Cooper, after full discussion and the question being put to the Board, the Board voted unanimously to approve the item(s) on the Consent Agenda, as follows:

1. June 10, 2019 regular and special meeting minutes;

2. Bookkeeper's Report, a copy of which is attached hereto, including authorize payment of the checks listed in the Bookkeeper's Report: General Fund Account Expenses totaling \$170,022.15 (checks numbered 11469, 11493 through 11522 and 21059 through 21063); HRF Account Expenses of \$21,039.95 (checks numbered 4011 through 4029); the STP Account Expenses of \$48,737.92 (checks numbered 2887 through 2897); and Capital Projects Account Expenses of \$47,260.17 (checks numbered 168 through 170); and

3. Tax Assessor/Collector's Report, a copy of which is attached hereto, including the checks included for payment.

## REGULAR AGENDA

### WATER SUPPLY SYSTEM AND SANITARY SEWER COLLECTION SYSTEM OPERATIONS AND MAINTENANCE REPORT

Mr. Skarboszewski then reviewed with the Board the Water Plant ("WP") and Sanitary Sewer Collection System Operations Report and related Operations Manager's Report for the month of June, copies of which are attached hereto. Mr. Skarboszewski noted that the water accountability ratio for the prior month was 89%.

Mr. Skarboszewski next reminded the Directors that at the May Board meeting, they accepted the proposal from Park USA for the purchase and installation of a new interconnect meter and vault with Heatherloch MUD (\$22,025), subject to approval by Heatherloch MUD, to split the cost of same. Ms. Madrigal stated that AEI had provided a recommendation letter to Heatherloch MUD in connection with the purchase and installation of the new meter and vault. Ms. Madrigal noted that Jones|Carter informed her that Heatherloch MUD is not comfortable accepting the bid from Park USA at this time and would like additional information on the bids received. A discussion ensued. Ms. Madrigal agreed to provide the two (2) bids received to Jones|Carter for review and inform Heatherloch MUD that it may obtain additional proposals for the purchase and installation of an interconnect meter.

Mr. Skarboszewski then reported that TOPS is in the process of completing all of the priority level one (1) repairs from the District's recent hydrant/flushing valve survey report.

Mr. Skarboszewski then reminded the Board that Booster Pump No. 4 previously failed during a period of high usage. Mr. Skarboszewski stated that the pump was pulled and re-built by EMS, as previously authorized by the Board. Mr. Skarboszewski added that Booster Pump No. 4 is being re-installed today.

Mr. Skarboszewski stated that there are 70 accounts recommended for termination of service in July. A discussion ensued.

Mr. Skarboszewski then reported that the Water Well No. 3 ("WW 3") meter failed three (3) weeks prior. Mr. Skarboszewski stated that he obtained authorization from Directors Griffith and Warner to replace the WW 3 meter for a cost of \$7,000.

Ms. Hall exited the meeting at this time.

Upon motion by Director Sklenka, seconded by Director Warner, after full discussion and the question being put to the Board, the Board voted unanimously to: 1) approve the WP Operations

Report; and 2) authorize termination of service to the delinquent accounts in accordance with the provisions of the District's Rate Order.

## ENGINEERING AND DISTRICT PROJECTS REPORT

Ms. Madrigal next presented to and reviewed with the Board the Engineer's Report, a copy of which is attached hereto.

## REVIEW PROPOSAL FROM CAROLLO ENGINEERS, INC. ("CAROLLO") FOR CREATION OF ASSET MANAGEMENT SYSTEM AND TAKE NECESSARY ACTION ON SAME

Ms. Madrigal then reported that she previously contacted Carollo regarding the possibility of the District implementing an asset tracking system. Ms. Madrigal noted that such asset tracking system is GIS-based and would cost approximately \$15,000-\$20,000 to establish.

Ms. Madrigal then introduced Mr. Bullock to the Board. Mr. Bullock then made a presentation to the Board regarding the various options for establishment of an asset tracking system for the District. An extensive discussion ensued. Ms. Madrigal stated that she will coordinate with Carollo regarding the preparation of an appropriate proposal for the District based upon District needs and the Board's specifications.

Mr. Bullock and Ms. Serna exited the meeting at this time.

Ms. Madrigal then reminded the Board that it previously awarded the contract for the WP No. 1 GST roof replacement project to CFG Industries, LLC ("CFG") in the amount of \$510,480.00. Ms. Madrigal reported that CFG has completed the remaining work items on the north GST roof, has placed the north GST back in service and has moved off-site. Ms. Madrigal went on to remind the Board that work on the south GST will be postponed until October. Ms. Madrigal then presented Pay Estimate No. 5 in the amount of \$6,165.00. A copy of Pay Estimate No. 5 is attached to the Engineer's Report. Ms. Madrigal explained that Pay Estimate No. 5 includes payment for the installation of the exterior ladder safety cage, the six-inch (6") drain valve, and splash pad and water samples. Ms. Madrigal recommended approval and payment of Pay Estimate No. 5.

Mr. Haskins exited the meeting at this time.

Regarding the WP MCC replacement and building for same (the "WP MCC Project"), Ms. Madrigal reminded the Board that AEI is revising the plans to adjust the location of the new WP MCC to the north parking area, which is adjacent to the booster pump building. Ms. Madrigal added that AEI is working with sub-consultants to finalize the plans and resubmit for agency review and approval by August. Ms. Madrigal noted that the project will be ready for advertisement by the Fall.

Ms. Madrigal then reported that the design of the Elevated Storage Tank ("EST") rehabilitation project is complete and AEI received approval of the plans from the TCEQ on February 19<sup>th</sup>. Ms. Madrigal went on to report that AEI plans to wait to advertise for bids for such project until October. Ms. Madrigal noted that the additional piping and instrumentation work for the EST is underway.

Ms. Madrigal next reminded the Board that it previously awarded the contract for the sanitary sewer smoke-testing project to AAA Flexible Pipe Cleaning ("AAA Pipe") in the amount of \$67,500.62. Ms. Madrigal noted that AAA Pipe has completed 100% of the smoke testing and AEI has received and is summarizing the final reports. Ms. Madrigal stated that, based on AEI's

preliminary review, 60 leaks had been identified throughout the District. Ms. Madrigal noted that most of the sanitary sewer trunk line leaks were located in Sections 5, 9 and 10. Ms. Madrigal recommended AEI's preparation of a preliminary cost estimate to proceed with the next phase of the District's sanitary sewer rehabilitation of these three (3) sections. Ms. Madrigal also recommended addressing the pool surface drain and clean-out leaks/issues (totaling 35) by working with RBAP to coordinate with each resident, as may be necessary. Ms. Adams stated that her office will coordinate with AEI regarding the necessary form of letters to be sent to the applicable residents. Ms. Madrigal added that the District still has \$472,000 in bond proceeds for future sanitary sewer rehabilitation. Ms. Madrigal then presented Pay Estimate No. 2 and Final in the amount of \$47,716.94.00. A copy of Pay Estimate No. 2 and Final is attached to the Engineer's Report. Ms. Madrigal explained that Pay Estimate No. 2 and Final includes payment for the smoke testing of the entire District and the final reports. Ms. Madrigal recommended approval and payment of Pay Estimate No. 2 and Final and acceptance of the Certificate of Completion.

#### STATUS OF ADDITIONAL DRAINAGE IMPROVEMENTS TO ELIMINATE PONDING AT DONUT LAKE, INCLUDING REPLACEMENT OF COLLAPSED DRAINAGE LINES

Regarding the status of the drainage improvements to the District's 1.8-acre tract of land adjacent to the WP, Ms. Madrigal reported that AEI is coordinating with the contractor to regrade the settled area of the 1.8-acre tract of land adjacent to the west fence line. Ms. Madrigal stated that AEI has not heard back from the contractor regarding the scheduling of the regrading.

#### WATER LINE IMPROVEMENTS TO SERVE 13303 CHAMPION FOREST DRIVE

Regarding the re-design of the three-inch (3") water line which serves the dental office complex at 13303 Champion Forest Drive, Ms. Madrigal reminded the Board that the Letter of Understanding with the property owners was previously executed, but there is no update on the scheduling of this project.

Ms. Madrigal noted that the one (1)-year warranty inspections for: 1) the WP emergency generator is scheduled for November 14, 2019; 2) the District's Drainage Improvement project is scheduled for April 3, 2020; and 3) the Donut Lake drainage improvement project is scheduled for April 12, 2020.

Upon motion by Director Warner, seconded by Director Sklenka, after full discussion and the question being put to the Board, the Board voted unanimously to: 1) approve the Engineer's Report; 2) approve Pay Estimate No. 5 in the amount of \$6,165.00 to CFG for the WP No. 1 GST roof replacement project; 3) approve Pay Estimate No. 2 and Final in the amount of \$47,716.94 to AAA Pipe for the sanitary sewer smoke-testing project and accept the Certificate of Completion for same; and 4) authorize AEI to prepare a preliminary cost estimate for the next phase of sanitary sewer rehabilitation.

The meeting was temporarily adjourned at 4:45 p.m. for the remainder of the District's special meeting and then reconvened at 5:03 p.m.

#### REVIEW AND ACCEPT OPTIONAL CYBER LIABILITY INSURANCE PROPOSAL

Ms. Adams then reminded the Board that they previously approved the insurance proposal submitted by Gallagher & Co. for the term July 1, 2019 to June 30, 2020, but did not approve optional cyber liability coverage and requested additional information. The President then recognized Ms. Courte who explained the terms of the optional cyber liability insurance coverage and answered

related questions from the Board.

Ms. Courte noted that there are two (2) options for cyber liability insurance coverage: 1) \$1,000,000 coverage for a premium of \$1,429; or 2) \$2,000,000 coverage for a premium of \$1,858.

Upon motion by Director Cooper, seconded by Director Warner, after full discussion and the question being put to the Board, the Board voted unanimously to accept the optional cyber liability insurance proposal with \$2,000,000 coverage limits. An executed copy of the cyber liability proposal is attached hereto.

Ms. Courte exited the meeting at this time.

#### REVIEW AND ACCEPT PROPOSAL FOR IMPLEMENTATION OF ONLINE DOCUMENT REPOSITORY

Ms. Adams then reminded the Board that Ms. Kristen Pepper of Pepper Well File Management previously reviewed with the Board a proposal for: 1) the uniform digitization of all District documents; 2) the creation of a digital environment in which the Board and consultants can access District data; and 3) the creation of electronic Board meeting packets. Action on this item was tabled, pending further refinement of the scope of what is desired by Directors Sklenka and Handojo for an online document repository.

#### STATUS OF WEBSITE TRANSITION

Ms. Adams then reported that Off Cinco is in the process of preparing the new District website and should be ready to transition to the new website in the next month.

#### REVIEW AND APPROVE INTERLOCAL AGREEMENT WITH HARRIS-GALVESTON SUBSIDENCE DISTRICT ("HGSD") TO SPONSOR THE WATERWISE PROGRAM FOR THE 2019-2020 SCHOOL YEAR

Ms. Adams then reported that HGSD has submitted an agreement for the District to sponsor approximately 180 third (3<sup>rd</sup>), fourth (4<sup>th</sup>), fifth (5<sup>th</sup>) or sixth (6<sup>th</sup>) grade students in connection with the HGSD's WaterWise Program for the 2019-2020 school year. Ms. Adams noted that the sponsorship cost should not exceed \$6,562.80 for the 2019-2020 school year. A discussion ensued regarding the benefits of the WaterWise Program and whether the District should sell any of its groundwater credits accumulated from prior years of the WaterWise Program. Upon motion by Director Warner, seconded by Director Griffith, after full discussion and the question being put to the Board, the Board voted three (3) votes in favor and one (1) abstention, with Director Sklenka abstaining, to approve and authorize execution of the Interlocal Agreement with HGSD, a copy of which is attached hereto.

Ms. Skarboszewski exited the meeting at this time.

#### ATTORNEY'S REPORT, INCLUDING REVIEW OF UPDATE FROM THE 86<sup>TH</sup> LEGISLATIVE

Ms. Adams then presented to and reviewed with the Board RBAP's Update from the 86<sup>th</sup> Legislative concerning the bills that impact utility districts.

ELECTION AGENDA

Ms. Adams next explained that the District's Directors Election will be held on November 5, 2019 (the "Election"), and stated that the terms of office of Directors Sklenka and Cooper are expiring at such time.

Ms. Adams next informed the Board that RBAP will serve as the designated agent for the Election, as previously authorized by the Board.

Ms. Adams further explained that her office had provided the Notice of Deadline to File an Application for a Place on the Ballot for the Election and such Notice has been posted in the District and on the District's website. Ms. Adams added that the first day on which applications can be accepted is July 20, 2019, and that the application filing deadline is 5:00 p.m. on Monday, August 19, 2019.

Ms. Adams next explained that if an Election is held, it will be conducted as a joint election with Harris County (the "County"). Ms. Adams noted that the County will send the District a Joint Election Agreement in August or September.

Ms. Adams then reported that the County has inquired whether the County could utilize the District's HRF Clubhouse as a countywide polling place in the Election. A discussion ensued. Upon motion by Director Griffith, seconded by Director Warner, after full discussion and the question being put to the Board, the Board voted unanimously to approve and authorize execution of the Facilities Use Agreement thereby authorizing the County to utilize the District's HRF Clubhouse for a countywide polling place in the Election, a copy of which is attached hereto.

Ms. Christensen then stated that she will be providing the Directors up for re-election their candidate application packets in the coming month.

Ms. Adams stated that she had nothing further to report.

No further action was taken, and the meeting was adjourned at 6:05 p.m.

PASSED, APPROVED and ADOPTED this 12<sup>th</sup> day of August, 2019.



  
Secretary, Board of Directors